

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Wisconsin Energy Corporation, Integrys Energy)
Group, Inc., Peoples Energy, LLC, The Peoples)
Gas Light and Coke Company, North Shore Gas)
Company, ATC Management Inc., and American)
Transmission Company LLC)

Docket No. 14-0496

)
Application pursuant to Section 7-204 of the Public)
Utilities Act for authority to engage in a)
Reorganization, to enter into agreements with)
affiliated interests pursuant to Section 7-101, and)
for such other approvals as may be required under)
the Public Utilities Act to effectuate the)
Reorganization.)

REBUTTAL TESTIMONY OF WILLIAM CHEAKS JUNIOR

ON BEHALF OF THE CITY OF CHICAGO AND THE CITIZENS UTILITY BOARD

CITY/CUB EXHIBIT 7.0

JANUARY 15, 2015

1 **I. IDENTIFICATION AND SUMMARY OF TESTIMONY**

2 **Q. What is your name and title?**

3 A. My name is William Cheaks Junior. I provided pre-field direct testimony in this
4 proceeding in City/CUB Exhibit 3.0 filed with the Illinois Commerce Commission
5 (“ICC” or “Commission”) on November 20, 2014.

6 **Q. What do you recommend in your rebuttal testimony?**

7 A. I recommend that, if the Commission approves the reorganization proposed by the Joint
8 Applicants (“JA”), it require the conditions I described in my direct testimony at lines 54-
9 75. The JA provided no new information or data in rebuttal that cause me to change my
10 belief that the following conditions are required to protect the interests of Illinois
11 ratepayers (italicized language indicates new words or phrases to clarify the original
12 recommendation). The ICC should:

- 13 a. Require a weekly, block-by-block schedule of construction activities be
14 given to CDOT and the ICC, provided on a five-year, annual, and monthly
15 basis.
16 b. Require that any Field Order Authorizations or Change Orders be
17 communicated within 24 hours *of their approval* to CDOT.
18 c. Require the newly formed entity to actively participate in CDOT’s
19 dotMaps website in order to better collaborate with all occupants of the
20 Public Way.
21 d. Require that PGL improve their performance in the following categories,
22 with financial penalties for failure to improve, penalties that cannot be
23 recovered from PGL’s ratepayers:
24 i. Permitted timeframe adherence (being on schedule more often)
25 ii. Approved capital and O&M spend adherence (being on budget
26 more often)
27 iii. Change Order spending and communication
28 iv. Management Reserve spending and budgeting

- v. Time needed to close Field Order Authorizations and Change Orders
- vi. Contractor Hits on all facilities
- e. *Recognize the JA's commitment to establish a consolidated training operations facility in the City of Chicago.*

II. ROLE OF INTEGRYS AND WEC IN PGL'S AMRP

Q. In multiple instances throughout their rebuttal testimony, the JA claim that PGL's existing and proposed parent Utilities are not sufficiently involved in AMRP to concern the Commission with their reorganization. Do you agree?

A. No. My experience, certain data request responses provided in this proceeding, and the JA's rebuttal testimony all establish that the parent company (currently Integrys Energy Group, Incorporated, proposed to be Wisconsin Energy Corporation) and the holding company service affiliate has a role, possibly a significant one, in PGL's AMRP. This is contrary to the claims of Mr. Leverett that "no witness has presented any substantive evidence that the Reorganization would adversely affect the Gas Utilities' ability to continue delivering high-quality, adequate, reliable, efficient, safe, and least-cost gas service," and his claim that the Gas Utilities' local headquarters will be sufficient to protect the interest of Illinois ratepayers. JA Ex. 6.0 at 273-275; 287-292.

Q. What specific experiences and data request responses establish that PGL's parent company and service affiliates are involved in decisions regarding AMRP?

A. In my direct testimony, I detailed the facts and experience that support my belief that PGL's parent company is involved in AMRP decisions. City/CUB Ex. 3.0 at 610-615. Among other experiences, I explained there that CDOT had to contact Mr. William Evans, President of PGL at the time, to obtain timely and accurate information on a

project on Laramie Avenue. If the President of PGL is dealing with emails from CDOT on day-to-day operational questions, it is reasonable to assume that significant decisions regarding AMRP are made at least one level in the corporate hierarchy above PGL's President. Further illustrating my point, to respond to my direct testimony, in their rebuttal testimony, the Joint Applicants brought in a manager from PGL's holding company affiliate, not a representative of PGL management.

Data request responses that lead me to conclude that PGL's parent company is involved in AMRP decisions include a City/CUB response provided to a JA data request, which was omitted from their rebuttal testimony. City/CUB Ex. 7.1 (City/CUB DRR to JA City 2.24). In that response, City/CUB provided the table below detailing the proposed reorganization's anticipated effects and the evidence relied upon for those effects:

Proposed Reorganization's Effects	Evidence
Change in Distribution Design personnel and management who are currently employed by business services affiliate	All capital design gas main projects are submitted to OUC by IBS Gas Engineering, IBS Gas Engineering personnel attend monthly DWM Construction Utility Coordination meeting; IBS Gas Engineering send conflicts with existing gas main to OUC; IBS Gas Engineering provide 5 year Capital Improvement Project lists to CDOT PCO; IBS Gas Engineering reviews third party OUC submittals for conflicts with existing gas mains (City/CUB Ex. 3.1 (JA DRR to City 3.05))
Change in board and shareholder compositions on scheduling and budgeting decisions	The parent company's Board of Directors' role in approving or disapproving large capital investments programs.

(removal from Illinois)	
Change in parent company on operational decisions (removal from Illinois)	Affiliate project cost reporting systems (JA DRR to Staff ENG 3.05 Attach 01, Issue IDs 226, 227, 228, 235, 240); Parent company practice on Issues Management Process, including responses to audit findings (JA DRR to Staff ENG 3.05 Attach 01, Issue IDs 259, 260); Parent company document management tools (JA DRR to Staff ENG 3.05 Attach 01, Issue ID 260); Parent company Process Guidelines for Risk Management (JA DRR to Staff ENG 3.05 Attach 01, Issue ID 262); Affiliate engineering review of Schedule of Values (JA DRR to Staff ENG Attach 01, Issue ID 281);
Change in holding company's relationships with interested stakeholders, including local and state lawmakers, whose decisions affect legislation regarding AMRP	Public Act 98-0057, http://www.ilsos.gov/lobbyistsearch/lobbyistsearch (Integrys), Chicago City Council Resolutions (e.g. R2014-282), Chicago City Council Grants of Privilege (e.g. O2014-683, 2013-1125), and Chicago City Council Ordinances, https://data.cityofchicago.org/Ethics/Lobbyist-Data-Lobbyist-Registry-2012-to-present/ypez-j3yg? (Integrys as Employer or Client)
Loss of local decision maker presence	Decision makers who see local problems daily or share the same utility service experience as Chicago customers are more likely to appreciate and respond to local problems.

As detailed in this response, the JA's proposed reorganization is anticipated to change personnel for AMRP design, the composition of the Board of Directors, the policies, procedures, and guidelines applicable to PGL operations, the relationships with interested stakeholders, and removal from physical and community presence as well as fellow customer experience.

In addition to the anticipated effects described above, the JA's own responses to data requests in this proceeding illustrate the reach of Integrys into PGL's operations.

- The JA concede that Integrys' Board of Directors "makes decisions regarding the overall resources for AMRP." City/CUB Ex. 7.1 (JA City 10.37).
- The JA believe that Wisconsin Energy's experience overseeing infrastructure investment programs is "highly relevant" to PGL's AMRP because it demonstrates that "senior management of the new holding company for Peoples Gas is knowledgeable and experienced in the management and oversight of large capital projects like Peoples Gas' AMRP." City/CUB Ex. 7.1 (JA City 10.39). If the knowledge, experience, and management oversight of the proposed parent is "highly relevant" to PGL's AMRP, it follows that the described expertise must be applied by the parent to AMRP. For similar reasons, the knowledge, experience, and management oversight exercised by the current parent is also relevant.
- The JA also provided current and targeted operating models for "Capital Project Delivery." City/CUB Ex. 7.1 (JA AG 10.14, Attach 02). This response indicates that PGL's current capital project delivery operating model relies on Integrys Gas Sector's Executive Vice President, Integrys Business Services' Vice President, and Integrys Program Director, Integrys Engineering Leadership, and Integrys Supply Chain Leadership.
- The corporate approval process for transactions that result in the commitment and distribution of PGL funds requires the approval of Integrys' Board of Directors for any transaction of \$15 million or above (which certainly affects AMRP), and requires other levels of approval for smaller transactions. City/CUB Ex. 7.1 (JA City 8.02, Attach 01).
- PGL uses Integrys' PowerPlan and PeopleSoft systems for cost data, after the need for "a single source of cost data was identified in 2012." City/CUB Ex. 7.1 (JA City 8.03). "Integrys IT resources were committed to define the system requirements and evaluate implementation costs for the remainder of 2013." *Id.* The JA have not indicated whether this system will be replaced by another system more compatible with the IT environment of the new parent company.
- PGL's "General Construction Specifications for Installation of Natural Gas Facilities" incorporate the Integrys Energy Group Drug and Alcohol Requirements and require that any contractor follow Integrys Field Manual procedures for the use of "Trenchless Technologies." City/CUB Ex. 7.1 (JA City 8.14, Attach 01).

112
113 **Q. What specific testimony bolsters your opinion that PGL’s parent company is**
114 **involved in decisions regarding AMRP?**

115 A. In their rebuttal testimony, the JA state that Wisconsin Energy’s “experience with
116 overseeing infrastructure investment programs as large or larger than the AMRP” is
117 “highly relevant” to my position on AMRP. JA Ex. 6.0 at 506-508. I could not agree
118 more, and that is why deficiencies in Integrys’ experience and oversight structure,
119 identified in my direct testimony, is highly relevant to this proceeding. Implicitly, WEC
120 must be directly and closely involved, or their alleged experience cannot provide any
121 assurance to the Commission that the largest capital construction program in PGL’s
122 history will be completed competently and efficiently.

123 To avoid addressing the impacts identified by City/CUB and other intervenors, the JA
124 portray their proposed reorganization as a mere stock transaction. However, in
125 describing alleged benefits and protections for ratepayers, the JA would seem to rely
126 heavily on operational and financial changes that will require more than a stock
127 transaction. But what the Joint Applicants characterize as a mere stock transaction would
128 remove ultimate control over the program to an out-of-state entity that has shown little
129 interest in acknowledging or addressing AMRP’s well-documented problems.

130 **III. RESPONSE TO JA REBUTTAL TESTIMONY**

131 **Q. What do you think about the JA’s position that they must only demonstrate to the**
132 **Commission is that the interests of Illinois ratepayer are not “diminished” by the**
133 **proposed reorganization?**

134 A. Although I am not an attorney, I do not believe the JA are correct. I believe that the
135 Commission is not *required* to approve any proposed reorganization, even if there is no
136 showing of adverse impact by intervenors. The JA's reading would seem to shift the
137 burden of proof from the applicants to intervenors challenging the proposed
138 reorganization. Moreover, given the long-term nature of the AMRP and its importance to
139 the safety and reliability of gas utility service in Chicago, the Commission's
140 determination of conditions required to protect the interests of PGL and its customers
141 cannot done without asking more than whether service will be worse after the stock
142 transaction.

143 **Q. What do you think about the JA's position that their alleged "standard operating**
144 **procedure" for due diligence is sufficient for the Commission to believe that the**
145 **proposed reorganization protects the interests of Illinois ratepayers?**

146 A. I disagree. The JA claim that "the due diligence on a publicly traded company is largely
147 limited to identifying matters that have not been reported but could be material to
148 investors. The threshold for materiality is usually very high because in many cases
149 materiality is tied to the assets or earnings of the company." JA Ex. 6.0 at 389-392. This
150 position simply begs the question, since the JA presume to decide what information is
151 "material to investors."

152 I disagree that AMRP's implementation performance is not material to investors or to
153 management, based on all of the evidence of parent company involvement in AMRP
154 provided earlier in my rebuttal testimony. Even if it were the case that AMRP
155 performance was not material to investors, it would only support the need for

156 performance-based financial penalties borne by shareholders in order to make
157 performance on the safety- and reliability- critical AMRP “material” to their interests. If
158 AMRP’s poor performance is “material” to Illinois ratepayers, it should concomitantly be
159 material to PGL’s shareholders as well.

160 Moreover, while I am not an attorney, I do not believe that the information disclosed by
161 the JA’s “standard operating procedure” for due diligence is the legal standard for the
162 scope of information the Commission can and should consider in its decision whether to
163 approve the proposed reorganization.

164 **Q. Do the Joint Applicants make any commitments in their rebuttal testimony that you**
165 **agree with?**

166 A. Yes, a couple of them. I greatly appreciate the JA’s commitment to the local community,
167 to the current and future workforce of the City of Chicago, and to improving the
168 operations of the Gas Utilities by agreeing “[t]o open a new state-of-the-art training
169 facility for the Gas Utilities in the City of Chicago.” JA Ex. 6.0 at 154-155. This new
170 state-of-the-art facility will be a foundational investment in the future workforce of
171 Chicago and in the Gas Utilities’ systems.

172 I also greatly appreciate the JA’s agreement to extend the future gas utility workers’
173 training program for veterans located at the City Colleges of Chicago’s Kennedy King
174 College’s Dawson Technical Institute. JA Ex. 6.0 at 157-160. The JA’s agreement to
175 extend this program for returning members of our Armed Forces is another example of
176 their commitment to the community, to the future of Chicago’s workforce, and to the

177 integrity and function of the Gas Utilities' systems. Both these programs will support
178 proper modernization of Chicago's gas utility infrastructure.

179 **Q. What do the JA commit to with respect to AMRP?**

180 A. The JA reiterate their commitment to continue AMRP until 2030, assuming it receives
181 "appropriate cost recovery." JA Ex. 6.0 at 29-31. However, the JA continue to argue
182 that they are not legally bound to that timeline, even if their contingencies are met. For
183 example, the JA claim that "[t]he Commission did not establish a 2030 completion date
184 for the AMRP independent of its approval of a cost recovery mechanism." JA Ex. 9.0 at
185 22-23. The JA also state that "[i]t remains Peoples Gas' intention, assuming it receives
186 and continues to receive appropriate cost recovery, to complete the AMRP by 2030, *i.e.*,
187 in 20 years from the 2011 inception. However, Peoples Gas has made no commitment
188 and does not understand itself to be under any requirement to complete the project in that
189 timeframe." JA Ex. 9.0 at 75-79. Given these conditioned commitments (or non-
190 commitments, as the case may be), the JA's plan to continue AMRP "as is" not only adds
191 no value for ratepayers or regulators, but more troublingly promises to perpetuate an
192 unacceptable level of performance, assuming it is a mere regurgitation of the status quo.
193 Unsafe or inefficient implementation could actually harm Illinois ratepayers' interests, if
194 the Commission does not act to compel correction of AMRP deficiencies and to disallow
195 imprudent expenditures.

196 **Q. How about the JA's commitments regarding implementing Liberty Audit**
197 **recommendations?**

198 A. I believe these commitments are still too heavily caveated to be significant. Under the
199 JA's proposal, PGL determines what is "practical" "reasonable" and "cost-effective",
200 subject only to resolution of disputes (for Staff alone) through an extended litigation
201 process that guarantees only more lawyers' fees passed along to ratepayers. If the
202 Commission approves the reorganization with a condition regarding PGL's
203 implementation of the Liberty Audit, CDOT should have as big a role as Staff in
204 implementing the Audit's recommendations regarding PGL's long-standing coordination
205 and planning problems, for all of the reasons outlined in my direct testimony.

206 **Q. How about the JA's commitments to provide information regarding the**
207 **PricewaterhouseCoopers audit?**

208 A. This commitment is long overdue and just demonstrates PGL's unwillingness to improve
209 without being forced to improve. However, there is little reason for the ICC to believe
210 that PGL will follow-through with the PWC recommendations, since PGL has already
211 failed in this process once.

212 **Q. How about the JA's commitments to review and attempt to improve performance**
213 **with respect to AMRP on a continuing basis?**

214 A. Given past similar promises, followed by PGL's history of performance and all of the
215 failed attempts to correct deficiencies identified in my direct testimony, this commitment
216 is meaningless. CDOT has had and will continue to have numerous meetings on a
217 continuing basis with the local management that the JA insist will remain in charge of
218 AMRP, yet that has resulted in the poor performance documented in my direct testimony.

219 **Q. What about the JA's commitment to address your opinions and concerns through**
220 **established forums?**

221 A. That is not enough, because those forums have been available and have failed to force
222 PGL to improve. Shareholder interests -- the JA's main apparent focus -- must be
223 directly at stake, which is a reason for the penalties I recommended in direct testimony to
224 force improvement. Notably, the JA fail to address individually any of the City's specific
225 concerns that can adversely affect ratepayers (in particular - communication, planning,
226 cost-controls), and they do not refute the bases for those concerns.

227 We have had meetings for years. Commission ratification of this dysfunctional process
228 through approval of the proposed reorganization will harm PGL's ratepayers. This
229 process cannot continue in a manner that meets PGL's service and management
230 responsibilities without affirmative action by the ICC.

231 **Q. What about the JA's commitment to continue investigating whether and to what**
232 **extent it is possible for the Gas Utilities to participate in the Chicago Department of**
233 **Transportation's dotMaps website?**

234 A. I appreciate that the JA agree to continue investigating, but I believe they should either
235 agree to participate or be required to do so by the Commission as a condition of the
236 proposed reorganization. Participation in this website process will allow PGL to more
237 effectively and efficiently comply with CDOT's regulations, and could alleviate concerns
238 raised by PGL themselves. For the price of less than one degradation fee (which the JA
239 confirmed that PGL collects from Illinois ratepayers), PGL could access information that

could alleviate their concerns by coordinating work with the City's Water and Sewer Departments. Without PGL's commitment, this tool will be unable to accurately identify conflicts such that unnecessary or wasteful costs are minimized by all occupiers of the Public Way. PGL complains that conflicts between the City's and PGL's priorities contribute to its poor performance, but it will not commit to participate in solutions that City and other users of Public Ways have agreed to implement to improve coordination. The additional costs that non-participation causes the City are unfairly imposed, and the additional costs to PGL are not necessary or prudently incurred.

Q. What about the JA's claim that the information you requested that PGL be required to provide is redundant?

A. To the extent the information I requested is already provided to one entity (the ICC or CDOT), it should be provided to the other. In this day of automation and information technology, it is not costly or burdensome to forward already compiled information. I note however, that the purpose and timing of some existing reports is problematic when stakeholders try to use the information for planning or coordination. In those contexts, annual reports or other submissions well after on-the-ground efforts are concluded will not improve coordination performance.

To the extent the information I requested is not already provided to either entity, it cannot be "redundant" to provide that information. The need for the information was provided in my direct testimony and was unrebutted.

Q. What about the JA's commitment to provide the information you requested through additional or different forms of communication?

262 A. As I have noted earlier, CDOT and PGL have met for years, yet AMRP performance
263 remains poor. The JA should agree, as a condition of the proposed reorganization, to
264 provide the information I requested. Without that commitment, there is no way for the
265 ICC to ensure that the rate, safety, and reliability interests of Illinois ratepayers are
266 protected. If the JA is willing to provide this information, they should not hesitate to
267 agree to such a condition.

268 **Q. What about the JA's claim that the regular meetings between PGL and CDOT are**
269 **sufficient to ensure the Commission that the interests of Illinois ratepayers will be**
270 **protected?**

271 A. As noted earlier, these meeting have failed to bring about positive change in PGL.
272 Moreover, to the extent that the JA believe they must identify a "business need" before
273 agreeing to provide certain information with regulators, I believe the JA are mistaken.
274 "Business need" is not the applicable legal standard. Although I am not an attorney, I
275 believe the applicable standards look to reasonable and prudent conduct of the
276 infrastructure modernization program and to protection of ratepayer interests. Those
277 standards cannot be adequately addressed without information like the weekly block-by-
278 block schedule, to ensure that available cost-reductions are taken advantage of and to
279 properly coordinate with other occupiers of the Public Way. In any case, when needed to
280 avoid unnecessary, inefficient expenditures, the PUA imposes a business reason for
281 tracking the effectiveness of current processes, even if PGL expects to seek recovery
282 from ratepayers.

283 **Q. What about the JA's claim that your proposal to require transmission of**
284 **information regarding Field Order Authorizations and Change Orders is not**
285 **feasible?**

286 A. CDOT sees value in receiving this information once they are approved by PGL's internal
287 management. This information will allow PGL to accurately determine changes in
288 PGL's plans that affect other users of the Public Way and to track PGL's progress in their
289 own projects in the Public Way. To the extent that the JA's concerns with this condition
290 lie with transmitting the information before it is approved, the proposed italicized
291 language in the following should address those concerns:

292 Require that any Field Order Authorizations or Change Orders be communicated
293 within 24 hours *of their approval* to CDOT.

294 **Q. What about the JA's claim that your proposal to require financial penalties for poor**
295 **AMRP performance is misplaced in this proceeding?**

296 A. I think that claim is incorrect. There is no other opportunity for the Commission to
297 require, as a condition of the proposed reorganization, that such penalties should be
298 imposed. Once the reorganization is complete, the Commission cannot impose additional
299 conditions. Especially under the proposed rate freezes in this proceeding, rate cases will
300 not occur for years and, even then, potentially only at PGL's option. In addition, the
301 Rider QIP proceedings referenced by the JA will provide only a narrow opportunity for
302 the intervenors to, once again, spend limited resources to challenge certain additions
303 made at certain dates. Those proceedings will not allow the Commission to review the
304 AMRP program as a whole. Finally, although the JA do correctly point out various
305 sources of information they will be required to provide regarding PGL's AMRP, none of

those sources replicates the exact information I requested be used to form the basis of penalties in my direct testimony.

Q. What about the specific information provided by the JA regarding the six penalty items?

A. I will address each item. On the first item – being on schedule – the JA claim that PGL tracks permit extensions, associated citations, but not the number of instances of failing to adhere to the schedule because “Peoples Gas has not found a business need for tracking this information.” This alleged justification exemplifies the problem my proposals seek to address. Based on my experience, I know that PGL is sometimes required to pay for new permits when they fail to do the work in the originally permitted timeframe. The fact that PGL does not see a “business need” in reducing permit fees *is the very problem my proposals seek to address*. Moreover, PGL’s failure to follow their permitted schedule affects every other entity’s scheduling in the Public Way, which reduces opportunities to save costs. Finally, PGL’s failure to follow their schedule could also affect PGL’s expenditures outside permit fees, such as those incurred for paying contractors to be available, for ordering supplies, and any other transactions that are contingent on construction schedules. Some of these expenses may not be necessary with improved management.

On the second item – being on budget – the JA claim that PGL tracks various budget metrics and that management is apprised of actual capital expenditures relative to budget, with reasons for significant variances addressed. Given that this information is already tracked, there is no burden on PGL of obtaining the information. The JA’s rebuttal

testimony provides no reason to ignore this metric in measuring AMRP performance and assessing financial penalties for poor performance.

On the third item – money spent on Change Orders – the JA claim that the corporate approval process and review by the project manager should be sufficient for the ICC to not rely on this measure as a basis for financial penalties for poor performance.

However, the JA admit that “Peoples Gas does not, however, track cumulative dollar amounts of change orders.” In order to determine whether the AMRP design and construction process is taking advantage of available efficiencies and avoiding waste, it is crucial to understand how Change Orders operate in the process and affect budget and schedule adherence. The Commission should require PGL to track this amount and reduce it, with financial penalties for shareholders if not reduced, as a condition of any reorganization approved in this proceeding. Without such a condition, it is difficult if not impossible to would know if PGL’s planning and design process is realistic. Ignorance of this metric suggests a flagrant disregard of the impact those actions have on rates (maybe because it’s just ratepayer money) or mismanagement.

On the fourth item – money spent on management reserve – the JA claim that Integrys is implementing a system (called “Unifier”) that will address contingencies by project and by line item, expected to be in place by the fourth quarter of 2015. First, this explanation is another example of how PGL’s parent company directly affects AMRP. Second, the expected timetable for this system is to occur after the proposed reorganization would close. Thus, without a commitment in this proceeding, the ICC cannot ensure that this new system will be in place to improve PGL’s management reserve. Third, the JA do not

350 address the unreasonable amount of their management reserve that I noted in my direct
351 testimony. The Commission must act to require PGL to address this deficiency. Finally,
352 the JA provide no reason not to share this information on an ongoing basis with either the
353 ICC or CDOT.

354 On the fifth item – time needed to close changes to AMRP implementation – the JA
355 claim that there is no business reason to track these items. First, the JA’s explanation
356 contradicts the claim made above that it would be too complex to transmit FOAs quickly
357 and establishes clearly that work need not be delayed to meet this requirement. Second,
358 without tracking this information, how can PGL or the ICC know whether their change
359 order process is not adversely affecting the pace of work? How can PGL or the ICC
360 know if PGL’s planning and design process is cost-effective if changes to those plans and
361 designs are not tracked? I established the need to track this information in my direct
362 testimony and the JA have failed to establish why this information should not form the
363 basis of penalties.

364 On the sixth item – contractor hits – the JA confirm that PGL tracks this information,
365 including the root cause of the hit and any identified corrective action. JA Ex. 10.0 at
366 199-239. That is welcome news, and the JA provide no information as to why that
367 information should not be provided to the ICC and CDOT. Without improving
368 performance on contractor hits, the ICC cannot be sure that PGL’s AMRP will not
369 adversely affect the interests of Illinois ratepayers.

370 **Q. Does this conclude your rebuttal testimony?**

371 **A.** Yes.